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December 29, 2009

Mr. David R. Frick, Chairman
Indiana Stadium and Convention Building Authority
425 W. South Street
Indianapolis, IN 46225

Dear Mr. Frick:

We have received the audit report prepared by Katz, Sapper, & Miller, LLP, Independent Public Accountants, for the period of July 1, 2008 to June 30, 2009. Per the auditors' opinion, the audit was conducted in accordance with auditing standards generally accepted in the United States of America and the financial statements included in the report present fairly the financial condition of the Indiana Stadium and Convention Building Authority as of June 30, 2009 and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a public record.

STATE BOARD OF ACCOUNTS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(ENTERPRISE FUND OF THE STATE OF INDIANA)

ANNUAL FINANCIAL STATEMENTS
June 30, 2009 and 2008

KATZ, SAPPER & MILLER
Certified Public Accountants

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
(ENTERPRISE FUND OF THE STATE OF INDIANA)
FINANCIAL STATEMENTS
June 30, 2009 and 2008

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KATZ, SAPPER & MILLER

Katz, Sapper & Miller, LLP
Certified Public Accountants

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REPORT OF INDEPENDENT AUDITORS

To the Board Members of the
Indiana Stadium and Convention Building Authority
State of Indiana

We have audited the accompanying basic financial statements of the Indiana Stadium and Convention Building Authority (the "Building Authority"), an enterprise fund of the State of Indiana, as of and for the years ended June 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Building Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Building Authority at June 30, 2009 and 2008, and the changes in financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis presented on pages 3-9 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

(Continued)

In accordance with *Government Auditing Standards,* we have also issued a report dated October 21, 2009 presented on page 30, on our consideration of the Building Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing results of our audit.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 21, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Indiana Stadium and Convention Building Authority ("Building Authority"), we offer readers of the basic financial statements this narrative overview of Management's Discussion and Analysis ("MD&A") of the financial activities of the Building Authority for the fiscal years ended June 30, 2009, 2008, and 2007.

ORGANIZATIONAL STRUCTURE AND BACKGROUND

Organizational Structure: Effective May 15, 2005, the Indiana Stadium and Convention Building Authority was established pursuant to House Bill 1120, which has now been codified at Ind. Code 5-1-17, as a new entity of the State to finance, design, construct and own the new Indiana Stadium in Indianapolis and the upcoming expansion of the adjacent Indiana Convention Center.

The Building Authority is governed by a seven member board, comprised of four appointments by the Governor, two appointments by the Mayor of the City of Indianapolis and one appointment by the Governor following nomination from one of the counties surrounding Marion County. Day-to-day operations of the Building Authority are managed by the Executive Director, John P. Klipsch.

The Indiana Finance Authority ("IFA") facilitated a portion of the project funding through the issuance of $996 million of lease appropriation bonds to finance a portion of the construction projects. IFA then entered into loan agreements with the Building Authority structured with a payment schedule to meet debt service requirements on the bonds.

IFA has specific responsibilities as the issuer under the trust indenture that provides guidance for the treatment of sources and uses of funds. Relevant to the Building Authority's financial statement reporting, IFA's responsibilities include, but are not limited to:

- Authorization to the trustee for the release of trust funds (cash disbursements),
- Monitoring of cash receipts to the trust in accordance with the trust indenture,
- Monitoring of the trust investment policies and coordination of the nature, timing and extent of investment activity within the trust accounts.

Since IFA performs these activities which impact the Building Authority's financial statements, the Building Authority has formalized an agreement with IFA dated May 21, 2007 specifying IFA's responsibilities with regards to personnel management, investments, cash receipts, and cash disbursements.

(Continued)

ORGANIZATIONAL STRUCTURE AND BACKGROUND (Continued)

Project Background: The Indiana Stadium is now named Lucas Oil Stadium, pursuant to a naming rights agreement between the Indianapolis Colts and Lucas Oil. Lucas Oil Stadium was completed in August of 2008. Lucas Oil Stadium is leased to Indiana's Office of Management and Budget (the "IOMB") and subleased to and operated by the Capital Improvement Board of Managers of Marion County (the "CIB"). The CIB has, in turn, entered into a sublease with the Indianapolis Colts, pursuant to which the Colts will play their home NFL games within Lucas Oil Stadium. Lucas Oil Stadium is marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events.

In order to expand the Convention Center, the Building Authority demolished the RCA Dome and has proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which will be located on the former site of the RCA Dome. The Building Authority anticipates that the Convention Center Expansion will be substantially complete at the end of 2010 and, once complete, will also be leased to the IOMB and then subleased to, and operated by, the CIB.

During and after the design and construction of both Lucas Oil Stadium and the Convention Center Expansion, the CIB will continue to own and operate the existing Indiana Convention Center.

OVERVIEW OF THE PROJECT COSTS

The combined development and construction budget for Lucas Oil Stadium and the Convention Center Expansion, exclusive of financing and issuance costs and certain other costs related to the pedestrian connecter, is approximately $991.2 million. This includes approximately $716.2 million for Lucas Oil Stadium and approximately $275 million for the Convention Center Expansion.

At the end of the 2009 and 2008 fiscal years, total expenditures against the budget totaled $813.9 and $686.1 million, respectively. At the same time, contractual commitments were approximately $147.5 and $134.0 million, respectively.

Contracts for the construction of the Convention Center Expansion began to be awarded in late 2007 and construction began in January 2008. Demolition of the RCA Dome began in the fall of 2008, with new construction commencing in the winter of 2008. The facility is expected to be complete at the end of 2010, in time for several large trade shows and conventions in 2011.

FINANCIAL ANALYSIS

Indiana Stadium and Convention Building Authority
Statements of Net Assets (in thousands of dollars)
June 30,

	2009	2008	2007
Current assets	$ 245,247	$ 128,386	$ 262,499
Noncurrent assets	805,155	784,848	470,137
Total assets	$ 1,050,402	$ 913,234	$ 732,636
Current liabilities	$ 23,552	$ 87,588	$ 49,604
Noncurrent liabilities	989,585	671,712	647,064
Total liabilities	$ 1,013,137	$ 759,300	$ 696,668
Invested in capital assets, net of related debt	$ -	$ 88,435	$ -
Restricted	37,265	65,499	35,968
Total net assets	$ 37,265	$ 153,934	$ 35,968

The majority of current assets include investments that represent the unspent proceeds received from notes payable to IFA, net of construction costs, and lease payments received from the CIB. Noncurrent assets consist of construction in progress for the Convention Center Expansion Project and direct-financing lease for Lucas Oil Stadium. All disbursements relating to the Convention Center Expansion Project have been capitalized as construction in progress. All disbursements relating to Lucas Oil Stadium were previously capitalized as construction in progress until the Stadium lease was initiated in August of 2008.

The majority of current liabilities include construction costs payable, interest payable, and notes payable to IFA that are due within one year. The majority of noncurrent liabilities include notes payable to IFA in respect of its Lease Appropriation Bonds issued for the purpose of financing the costs of the Stadium and Convention Center Expansion Projects that are due after one year.

(Continued)

FINANCIAL ANALYSIS (Continued)

Indiana Stadium and Convention Building Authority
Changes in Net Assets (in thousands of dollars)
June 30,

	2009	2008	2007
Operating Revenues			
Lease revenue	$ 10,700	$ 13,300	$ 20,000
Contributions and grant revenue	4,171	101,037	922
Investment income, net	1,344	3,629	-
	16,215	117,966	20,922
Operating Expenses			
Interest expense	30,576	-	-
Contribution expense	102,308	-	96
	132,884	-	96
Change in Net Assets	(116,669)	117,966	20,826
Net Assets, Beginning of Year	153,934	35,968	15,142
Net Assets, End of Year	$ 37,265	$ 153,934	$ 35,968

Lease revenue consists of real estate lease revenue earned from the CIB for the property of the new Stadium and Convention Center Expansion. Contributions received during 2009 amounted to approximately $4 million in change orders requested by the Colts. Investment income recognized as revenue consists of earnings on investments excluding earnings on note proceeds designated for the Projects during construction periods. Investment income on the loan proceeds is capitalized and netted with construction in progress, along with interest expense on debt and other construction costs until the Facilities are placed in service. Beginning in September 2008, interest earnings and interest payments related to the Stadium Project have been reported as income and expense. In 2009, the Stadium direct-financing lease commenced and the Building Authority recorded a contribution expense for the amount of Stadium capital assets that were funded by the Colts, including change orders and $100 million contribution by the Colts as required in the project's Development Agreement.

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Building Authority's investment in capital assets includes direct-financing lease for the Stadium and construction in progress for the Convention Center Expansion Project.

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2009

	Stadium Project	Convention Center Expansion	Total
Hard construction costs	$ -	$ 72,776	$ 72,776
Soft construction costs	-	44,578	44,578
Financing and other costs	-	21,276	21,276
	-	138,630	138,630
Direct-financing lease	666,525	-	666,525
	$ 666,525	$ 138,630	$ 805,155

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2008

	Stadium Project	Convention Center Expansion	Total
Hard construction costs	$ 534,845	$ 6,214	$ 541,059
Soft construction costs	120,831	26,532	147,363
Financing and other costs	95,417	1,009	96,426
	$ 751,093	$ 33,755	$ 784,848

Indiana Stadium and Convention Building Authority
Capital Assets (in thousands of dollars)
June 30, 2007

	Stadium Project	Convention Center Expansion	Total
Hard construction costs	$ 288,401	$ -	$ 288,401
Soft construction costs	97,646	6,971	104,617
Financing and other costs	76,720	399	77,119
	$ 462,767	$ 7,370	$ 470,137

(Continued)

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Hard construction costs typically include real estate related costs. Soft construction costs include ancillary costs to the construction project. Additional information on the Building Authority's capital assets can be found in Note 3 and Note 4 to the financial statements.

Long-term Debt – The entire notes payable amount represents debt secured by specified revenue sources.

**Indiana Stadium and Convention Building Authority
Outstanding Debt (in thousands of dollars)
June 30,**

	2009	2008	2007
Stadium Project	$ 666,525	$ 611,525	$ 611,525
Convention Center Expansion	329,089	27,686	6,236
	$ 995,614	$ 639,211	$ 617,761

Additional information on the Building Authority's debt can be found in Notes 5 and 6 to the financial statements.

REQUESTS OF INFORMATION

This financial report is designed to provide a general overview of the Building Authority's finances for all those with an interest in the Building Authority's finances. Questions concerning any of the information should be addressed to the Indiana Stadium and Convention Building Authority, 425 W. South Street, Indianapolis, Indiana 46225.

BASIC FINANCIAL STATEMENTS

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF NET ASSETS
June 30, 2009 and 2008

	2009	2008
ASSETS		
Current Assets		
Cash	$ 198,530	$ 16,476
Interest receivable on investments	-	16,312
Insurance proceeds receivable	3,741,157	-
Lease receivable	4,500,000	-
Investments	236,807,775	128,353,700
Total Current Assets	245,247,462	128,386,488
Noncurrent Assets		
Construction in progress Due From CIB	138,629,691	784,847,712
Direct-financing lease	666,525,000	-
Total Noncurrent Assets	805,154,691	784,847,712
Total Assets	$ 1,050,402,153	$ 913,234,200
LIABILITIES		
Current Liabilities		
Construction costs payable	$ 11,786,985	$ 56,226,872
Interest payable	3,200,115	974,581
Deferred revenue	-	2,700,000
Notes payable	8,565,000	27,686,337
Total Current Liabilities	23,552,100	87,587,790
Noncurrent Liabilities		
Deferred revenue	2,536,581	60,187,021
Notes payable	987,048,542	611,525,000
Total Noncurrent Liabilities	989,585,123	671,712,021
Total Liabilities	$ 1,013,137,223	$ 759,299,811
NET ASSETS		
Invested in capital assets, net of related debt	$ -	$ 88,434,922
Externally restricted for Stadium and Convention Center Expansion Projects	37,264,930	65,499,467
Total Net Assets	$ 37,264,930	$ 153,934,389

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Years ended June 30, 2009 and 2008

	2009	2008
OPERATING REVENUES		
Lease revenue	$ 10,700,000	$ 13,300,000
Contributions and grant revenue	4,170,773	101,037,543
Investment income, net	1,343,471	3,629,448
	16,214,244	117,966,991
OPERATING EXPENSES		
Interest expense	30,575,633	-
Contribution expense	102,308,070	-
	132,883,703	-
INCREASE IN NET ASSETS	(116,669,459)	117,966,991
NET ASSETS		
Beginning of Year	153,934,389	35,967,398
End of Year	$ 37,264,930	$ 153,934,389

See accompanying notes to financial statements.

INDIANA STADIUM AND CONVENTION BUILDING AUTHORITY
STATEMENTS OF CASH FLOWS
Years ended June 30, 2009 and 2008

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Contributions and grant revenue received	$ 4,170,773	$ 101,959,033
Lease payments received	6,737,078	46,883,435
	10,907,851	148,842,468
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(397,783,734)	(179,267,464)
Sales of investments	289,329,657	312,423,160
Interest received on investments	2,552,827	9,357,498
	(105,901,250)	142,513,194
CASH FLOW FROM CAPITAL AND FINANCING ACTIVITIES		
Proceeds from debt issuance	387,815,302	21,067,498
Principal payments to reduce indebtedness	(31,732,322)	-
Construction payments	(214,083,491)	(290,328,578)
Insurance proceeds	3,648,035	-
Interest payments	(50,472,071)	(22,097,848)
	95,175,453	(291,358,928)
NET CHANGE IN CASH	182,054	(3,266)
CASH, BEGINNING OF YEAR	16,476	19,742
CASH, END OF YEAR	$ 198,530	$ 16,476
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$(116,669,459)	$ 117,966,991
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest income	(1,343,471)	(3,629,448)
Interest expense	30,575,633	-
Contribution expense	102,308,070	-
Changes in certain assets and liabilities:		
Contribution receivable	-	921,490
Lease receivable	(4,500,000)	-
Deferred revenue	537,078	33,583,435
Net Cash Provided by Operating Activities	$ 10,907,851	$ 148,842,468

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements as of June 30, 2009 and 2008 and for the fiscal years then ended; conform with accounting principles generally accepted in the United States as applied to governments. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. The GASB's Codification of Governmental Accounting and Financial Reporting Standards document these principles. The Building Authority's significant accounting policies are as follows:

Reporting Entity: The Indiana Stadium and Convention Building Authority (the "Building Authority") was established as a new public body corporate and politic of the state to finance, design, construct and own Lucas Oil Stadium and Indiana Convention Center Expansion in Indianapolis. Now that Lucas Oil Stadium is complete, it is leased to the Indiana's Office of Management and Budget (the "IOMB) and subleased to and operated by the Capital Improvement Board of Managers of Marion County (the "CIB"). The CIB has, in turn, entered into a sublease with the Indianapolis Colts, pursuant to which the Colts will play their home NFL games within Lucas Oil Stadium. Lucas Oil Stadium will also be marketed by the CIB, in conjunction with the Indianapolis Convention and Visitors Association, to host NCAA and other sporting events, conventions, concerts, trade shows, and other major public events. Lucas Oil Stadium was completed in August of 2008.

In order to expand the Convention Center, the Building Authority demolished the RCA Dome and has proceeded to finance, design, construct and own an expansion to the Indiana Convention Center, which will be located on the former site of the RCA Dome. The Authority anticipates that the Convention Center Expansion will be substantially complete at the end of 2010 and, once complete, it will also be leased to the IOMB and then subleased to and operated by the CIB.

During and after the design and construction of both Lucas Oil Stadium and the Convention Center Expansion, the CIB will continue to own and operate the existing Indiana Convention Center.

Basis of Presentation and Accounting: The Building Authority is reported as an Enterprise Fund. An enterprise fund uses the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Government-mandated nonexchange revenues and voluntary nonexchange revenues and certain grants and entitlements are recognized in the period when all applicable eligibility requirements have been met.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of Accounting Principles Generally Accepted in the United States: The Building Authority applies (a) all applicable FASB pronouncements issued before December 1, 1989, and (b) those issued after that date, provided they do not contradict GASB pronouncements.

Use of Estimates in Preparation of Financial Statements: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets: Net assets are available for construction related to the Stadium and Convention Center Expansion projects. Net assets are displayed in three components:

- The Invested in Capital Assets, Net of Debt component consists of property or infrastructure that the Building Authority acquired, less any associated debt.
- The Restricted Net Assets component represents net assets with constraints placed on their use that are either (i) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or (ii) imposed by law through constitutional provisions or enabling legislation, as defined in GASB Statement No. 46 - *Net Assets Restricted by Enabling Legislation*.
- The Unrestricted Net Assets component consists of net assets that do not meet the definition of the preceding two components.

Cash: Cash is considered to be cash on hand and demand deposits. The Building Authority maintains demand deposits in two accounts. The carrying amount and bank balance of cash was $198,530 and $16,476 at June 30, 2009 and 2008, respectively. All account balances at the bank were insured by the Federal Deposit Insurance Corporation (FDIC) for $250,000 at June 30, 2009 and $100,000 at June 30, 2008, respectively.

Investments: Investments are recorded at fair value based on quoted market prices of the investment or similar investments. For investments at June 30, 2009, fair value of investments approximated historical cost. Changes in the fair value of investments, including interest, dividends, realized and unrealized gains and losses are included in the statements of revenue, expenses and changes in net assets, with the exception of investment income on loan proceeds which is capitalized and netted with loan interest paid during the construction period and included as construction in progress.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Valuation: Securities traded on a national exchange are valued at their last reported sales price on the primary exchange on which they are traded. Securities traded in the over-the-counter market, and listed securities for which no sale was reported on that date, are valued at the last reported bid price.

Capital Assets: Capital assets are recorded at historical cost. Cost includes interest expense, net of interest income, incurred during construction until the asset is placed in service. At June 30, 2009 and June 30, 2008, capital assets consist of construction in progress.

Capital Leases: Direct-financing leases are accounted for by the Building Authority, as lessor, as the sum of minimum lease payments and indirect costs less unearned income. Direct costs and unearned income are amortized over the lease term using the interest rate method that mirrors the underlying long-term debt.

Long-term Debt: Notes payable are recorded at the principal amount outstanding, net of any applicable premium or discount.

Compensated Absences: Substantially all employees receive compensation for vacations, holidays, illness and certain other qualifying absences. The number of days compensated for the various categories of absence is based generally on length of service. If material, vacation leave, which has been earned but not paid, is accrued in the financial statements. Compensation for holiday and other qualifying absences is not accrued in the financial statements because rights to such compensation amounts either do not accumulate or vest.

Lease and Other Program Revenue Recognition: Initial real estate lease rental income is recognized when earned. Capital lease rental income is deferred until the lease is initiated when projects are complete. Other program income is recognized as revenue in the period earned.

Contributions: The Building Authority received contributions as specified in the original development agreement for the Stadium Project as well as contributions for additional Stadium amenities not included in the original project budget. Contributions are recognized in the period received.

Expense Classification: Expenses have been classified using functional and activity classifications using direct costs and estimated indirect cost allocations based upon time allocation and benefit.

(Continued)

NOTE 2 - INVESTMENTS

Investments Background: Indiana statutes generally authorize investments in United States obligations and issues of federal agencies, repurchase agreements fully collateralized by U.S. Government or U.S. Government Agency securities, certificates of deposit, and open end money market mutual funds.

All investments of the Building Authority are contained within the provisions of the trust indenture related to the Indiana Finance Authority's ("IFA") issuance of revenue bonds. All investments are held by, or in the name of, The Bank of New York Trust Company, N.A., as trustee under certain indentures of trusts ("Trust Indentures") pertaining to IFA Lease Appropriation Bonds, Series 2005A, 2007A and 2008A (Stadium Project), and Series 2008A, 2009A and 2009B (Convention Center Project)

The provisions of the Trust Indentures state that all investments shall be made under prudent investment standards reasonably expected to produce the greatest investment yields while seeking to produce principal without causing any of the bonds to be arbitrage bonds as defined in Section 148 of the Code. Moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. The Trustee was also directed to invest substantial proceeds in Investment Agreements (also referred to as guaranteed investment contracts) as specified in the Trust Indenture.

The Building Authority has formalized an agreement with IFA dated May 21, 2007 specifying IFA's responsibilities pertaining to personnel management, investments, cash receipts, and cash disbursements. IFA has legal responsibility as the issuer under the trust indenture, for monitoring of the trust indenture investment policies and coordination of the nature, timing and extent of investment activity within trust accounts. Due to IFA's responsibilities and the limitations on investments within the trust indenture, the Building Authority has not adopted a formal investment policy.

The following disclosures provide information on the risk elements identified by GASB 40 and related trust indenture policies:

(Continued)

NOTE 2 - INVESTMENTS (Continued)

Allowable Investments: IFA, as the issuer under the trust indenture, is only permitted to invest in securities authorized by the applicable bond indenture. The trust indenture provisions only relate to the investment of cash within the bond indenture. Under the provisions of the bond indenture, IFA is to limit allowable investments to the following list of securities.

- United States Government Securities fully and unconditionally guaranteed
- Unites States Agency Obligations which are fully guaranteed
  - Export-Import Bank of the United States
  - Federal Housing Administration (FHA)
  - Government National Mortgage Association (GNMA)
  - Small Business Administration (SBA)
  - Housing and Urban Development (HUD)
  - Maritime Administration
  - Including any securities with full faith and credit of the U.S. Government
- United States Agency Obligations which are not fully guaranteed
  - Federal National Mortgage Association (FNMA) - rated Aaa by Moody's and AAA by S&P
  - Federal Home Loan Mortgage Corporation (FHLMC) - rated Aaa by Moody's and AAA by S&P
  - Federal Home Loan Banks (FHLB) - consolidated debt obligations
  - Student Loan Marketing Association - debt obligations
  - Resolution Funding Corporation - debt obligations
- Obligations of States of the United States or their subdivisions - rated at the time of purchase, A2 or better by Moody's and A or better by S&P
- Commercial Paper (having original maturities of not more than 270 days) rated at the time of purchase, P-1 by Moody's and A-1 or better by S&P
- Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the FDIC.
- Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (having maturities of not more than 365 days), rated P-1 by Moody's and A-1 or better by S&P
- Money market funds rated AAAm or AAAm-G by S&P
- State-sponsored investment pools rated AA- or better by S&P
- Repurchase Agreements
- Investment Agreements (also referred to as guaranteed investment contracts)
  - Domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P
  - Domestic insurance companies rated Aaa by Moody's and AAA by S&P
  - Domestic structured investment companies approved by the Series 2005A Bond Insurer and rated Aaa by Moody's and AAA by S&P

NOTE 2 - INVESTMENTS (Continued)

- Forward delivery agreements in which the securities delivered mature on or before each interest payment date or drawn down date
- Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of IFA or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement, only with the prior written consent of the Bond Insurer.

Interest Rate Risk: The Building Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The trust indenture states that moneys shall be invested in investment securities with maturity dates coinciding as nearly as practicable with the times at which moneys will be required for disbursement or transfer, provided that any such investment securities in the debt service reserve account shall have a term to maturity not greater than five years. At June 30, 2009 and 2008, the Building Authority had the following investments, all maturing in less than one year:

	2009 Fair Value	2008 Fair Value
Treasury Obligations	$ 236,807,775	$ 124,607,861
Guaranteed Investment Contracts	-	3,745,839
	$ 236,807,775	$ 128,353,700

Credit Risk: Credit quality guidance is included in the trust indenture. Credit ratings for the Building Authority's investments at June 30, 2009 are as follows:

Investment Type	S&P	Fitch	Moody's	Fair Value
Treasury Obligations	AAA/m	AAA/V-1+	Aaa	$ 236,807,775

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may arise in the event of default by a single issuer. The Building Authority and trust indenture placed no limit on the amount that IFA may invest in any one issuer.

(Continued)

NOTE 2 - INVESTMENTS (Continued)

The following table shows investment in issuers that represent 5% or more of the total investments at June 30, 2009 and 2008.

	2009 Fair Value	2008 Fair Value
Dreyfus Cash Management Fund	$ 236,807,775	$ 108,668,489
BONY Hamilton Money Fund	-	15,939,372
Guaranteed Investment Contract -Trinity Plus Funding	-	3,745,839
	$ 236,807,775	$ 128,353,700

Custodial Credit Risk: Custodial credit risk is the risk that the Building Authority will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of an outside party if the counterparty fails. Investment securities are exposed to risk if the securities are uninsured, are not registered in the name of the Building Authority and are held by either the counterparty or the counterparty's trust department of agent but not in the Building Authority's name. Custodial credit risk for investments at June 30, 2009 and 2008 was $0.

NOTE 3 - CAPITAL ASSETS

All construction costs associated with the Stadium and Convention Center Expansion Projects have been capitalized during the construction period. Now that Lucas Oil Stadium is complete, it is leased and reported as an investment in direct-financing lease by the Building Authority. Capital assets consisting of construction in progress include the following:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Capital assets, not being depreciated:				
Construction in Progress:				
Stadium Project	$751,678,757	$ 78,041,832	$(829,720,589)	$ -
Convention Center Expansion Project	33,168,955	105,460,736	-	138,629,691
Total capital assets, not being depreciated	784,847,712	183,502,568	(829,720,589)	138,629,691
Total Capital Assets	$784,847,712	$183,502,568	$(829,720,589)	$138,629,691

(Continued)

NOTE 3 - CAPITAL ASSETS (Continued)

Contractual commitments at June 30, 2009 and 2008 were approximately $147.5 million and $134.0 million, respectively, and will be funded by current assets and planned future financing. Upon receipt of the Completion Certificate for the Convention Center Expansion Project, a capital lease will be initiated and construction in progress will be reclassified as investment in direct-financing lease.

NOTE 4 - LEASES

In accordance with the plan of finance, the Building Authority will lease the Stadium and Convention Center Projects through December 31, 2041 under separate lease agreements to the IOMB. The IOMB will, in turn, sublease the Projects under separate sublease agreements to the CIB. Sublease rentals are payable from, and are secured by a pledge of 2005 New Excise Tax Revenues, the PSDA Revenues (each as defined in the bond indentures) and certain other fees, and starting in 2028 certain existing state and local assistance tax revenues more fully described in the bond indentures.

Under both sublease agreements, the CIB has the option to purchase the leased facilities at a price equal to the amount required to enable the IOMB to exercise its right to purchase the same facilities from the Building Authority and thereby provide for payment or redemption of all related outstanding obligations of IFA. During construction of the Projects, the CIB is obligated under each respective sublease to make certain initial rent payments.

Stadium Project Leases

At June 30, 2009, there are no remaining amounts due under the Stadium Real Estate Initial Term. In August 2008, the Stadium Project was completed, at which time, a direct-financing lease commenced. The Building Authority reported a direct-financing lease of $666,525,000 as of June 30, 2009. Direct-financing lease payments are structured based on the related bond principal and interest schedules that are reflected in Note 5 of the financial statements for each bond issue. Under the First Supplemental Lease, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below:

Stadium Period Available for Use and Occupancy	Date Payment Due	Rentals
July 1, 2009 to December 31, 2009	July 1, 2009	$ 20,000,000
January 1, 2010 to June 30, 2010	January 1, 2010	20,000,000
July 1, 2010 to December 31, 2010	July 1, 2010	21,000,000
January 1, 2011 to June 30, 2011	January 1, 2011	21,000,000

(Continued)

NOTE 4 - LEASES (Continued)

During each fiscal year which the Stadium Facilities are available for use and occupancy, rental payments are expected to yield 100% of the debt service for such fiscal year allocable to the Stadium Facilities and all expenses incurred by the Building Authority and IFA in connection with the Stadium Facilities.

Convention Center Project Leases

During the Convention Center Real Estate Initial Term, the Lessee has the following rental amounts due on a semiannual basis, in arrears:

Date Payment Due	Rentals
July 1, 2009	$ 1,800,000
January 1, 2010	5,700,000
July 1, 2010	1,500,000

During the Convention Center Expansion Initial Term, the Lessee shall pay on a semiannual basis, in advance, the rental amounts set forth below, provided that the first rental payment shall be due on or prior to the first day of the month following the month during which the Completion Certificate for the Convention Center Facilities is accepted by the Lessee.

Convention Center Period Available for Use and Occupancy	Date Payment Due	Rentals
January 1, 2011 to June 30, 2011	January 1, 2011	$ -

During each fiscal year in which the Convention Center Facilities are available for use and occupancy, rental payments are expected to yield 100% of the debt service for such fiscal year allocable to the Convention Center Facilities and all expenses incurred by the Building Authority and IFA.

(Continued)

NOTE 5 – LONG-TERM DEBT ACTIVITY

During the fiscal year ended June 30, 2009, the debt service requirements for notes payable were as follows:

Year Ending	Total Principal	Total Interest	Total Net Debt Service
June 30, 2010	$ 8,565,000	$ 38,321,934	$ 46,886,934
June 30, 2011	9,125,000	41,988,862	51,113,862
June 30, 2012	1,000,000	42,065,288	43,065,288
June 30, 2013	-	42,030,885	42,030,885
June 30, 2014	660,000	42,024,412	42,684,412
June 30, 2015 – June 30, 2019	19,715,000	208,946,665	228,661,665
June 30, 2020 – June 30, 2024	57,860,000	200,661,250	258,521,250
June 30, 2025 – June 30, 2029	121,970,000	184,897,313	306,867,313
June 30, 2030 – June 30, 2034	331,615,000	136,065,210	467,680,210
June 30, 2035 – June 30, 2039	445,245,000	56,306,191	501,551,191
	$ 995,755,000	$ 993,308,010	$ 1,989,063,010
Premium/(Discount)	(141,458)		
	$ 995,613,542		

The following is a summary of long-term debt outstanding at June 30, 2009:

	Interest Rates Range	Maturity Range	Annual Principal Payment Range	Amount
Stadium Project	3.84%-4.28%	2010-2037	$660,000 – $70,550,000	$666,525,000
Convention Center Expansion Project	1.30%-5.12%	2012-2039	$225,000 - $99,430,000	$329,088,542

(Continued)

NOTE 5 - LONG-TERM DEBT ACTIVITY (Continued)

Changes in long-term liabilities were as follows:

	Balance Beginning Of Year	Increases	Decreases	Balance End of Year	Amount Due After One Year
Deferred Revenue	$ 62,887,021	$ 4,937,078	$ (65,287,518)	$ 2,536,581	$ 2,536,581
Notes Payable	639,211,337	388,134,527	(31,732,322)	995,613,542	987,048,542
	$ 702,098,358	$ 393,071,605	$ (97,019,840)	$ 998,150,123	$ 989,585,123

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS

IFA adopted a financing program for the Stadium Project whereby it issued three separate series of bonds; the first being the Series 2005A Bonds and the second being the Series 2007A Bonds. The third issuance of Series 2008A Bonds occurred during the fiscal year ended 2009. The Building Authority received loans from IFA in connection with the issuance of $400 million, $212 million and $55 million in Lease Appropriation Bonds, Series 2005A, 2007A and 2008A, for purposes of financing the costs of the Stadium Project. A similar but separate financing program was adopted for the Convention Center Expansion Project, which includes IFA's $120 million, $18 million and $192 million in Lease Appropriation Bonds, Series 2008A, 2009A and 2009B. The Building Authority also received loans from IFA for these issues.

IFA's revenue obligations are payable from and secured by the Building Authority obligations that are supported by the Building Authority's leases with the IOMB, as lessee, who in turn receives rent under subleases with the CIB, as sublessee.

Variable Rate Terms

Hedged, tax-exempt variable rate debt: An interest rate swap with a notional amount of $611,525,000 commenced for the Stadium Lease Appropriation Bonds, Series 2005A and 2007A on August 15, 2008 with IFA receiving the SIFMA Index and paying the swap counterparties a fixed rate of 4.231%. The 2005 and 2007 Bonds are secured by a Standby Purchase Agreement (the "SBPA") in the amount of $620,823,531, which expires March 28, 2011. The Bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The Bonds are subject to optional redemption by IFA, in whole or in part, in Authorized Denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date.

(Continued)

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS (Continued)

Partially hedged, tax-exempt variable rate debt: An interest rate swap with a notional amount of $46,875,000 commenced for the Stadium Lease Appropriation Bonds, Series 2008A Bonds, on August 15, 2008 with IFA receiving SIFMA and paying the swap counterparties a fixed rate of 3.796%. The 2008A Bonds are secured by a SBPA in the amount of $55,836,302, which expires July 22, 2011. The 2008A Bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The 2008A Bonds are subject to optional redemption by IFA, in whole or in part, in Authorized Denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2008A Bonds for fiscal year 2009 was 1.42%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 4.00%.

Partially hedged, tax-exempt variable rate debt: An interest rate swap with a notional amount of $98,114,750 commencing for the Convention Center Lease Appropriation Bonds, Series 2008A Bonds, on December 1, 2010 with IFA receiving SIFMA and paying the swap counterparties a fixed rate of 4.556%. The 2008A Bonds are secured by a SBPA in the amount of $121,824,658, which expires August 19, 2011. The 2008A Bonds are payable solely from and secured by a pledge of the trustee of the trust estate. The trust estate includes payments made by the Building Authority, pursuant to the promissory note; all monies are obligated to be paid under the revenue deposit agreement, the lease, and the sublease. The 2008A Bonds are subject to optional redemption by IFA, in whole or in part, in Authorized Denominations on any business date, at amounts equal to 100% of the principal amount redeemed plus interest accrued to the redemption date. The average interest rate on the 2008A Bonds for fiscal year 2009 was 1.71%. Going forward, the budgeted interest rate on the unhedged portion of the 2008A Bonds is 4.00%.

Interest Rate Swap Agreements

Objective of the Interest Rate Swap Agreement: In order to protect against the potential of rising interest rates, IFA entered into three separate pay-fixed, receive-variable interest rate swaps.

Terms, fair values, and credit risk: The terms, fair values, and credit ratings of the outstanding swaps as of June 30, 2009, were as follows. The notional amounts of the swaps match the anticipated principal amounts of the associated debt. IFA's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximate scheduled or anticipated reductions in the associated "bonds payable" category.

(Continued)

NOTE 6 - FINANCING OF STADIUM AND CONVENTION CENTER PROJECTS (Continued)

Associated Bond Issue	Notional Amounts	Effective Date	Fixed Rate Paid	Variable Rate	Fair Values	Swap Termination Date
2005/2007 Stadium Project	$ 611,525,000	8/15/2008	4.231%	SIFMA*	$ (57,382,218)	2/1/2037
2008 Stadium Project	46,875,000	8/15/2008	3.796%	SIFMA*	(1,555,711)	2/1/2035
Convention Center	98,114,750	12/1/2010	4.556%	SIFMA*	(8,829,722)	2/1/2039
	$ 756,514,750				$ (67,767,651)	

** The Securities Industry and Financial Markets Association Municipal Swap Index.*

The Swap counterparties include JP Morgan Chase Bank, Goldman Sachs Bank USA, and The Bank of New York Mellon. They were rated by Moody's as being Aa1, Aa3, and Aaa, respectively.

Termination Risk: IFA or the Swap Provider may terminate the Swap if the other party fails to perform under the terms of the contract (as defined by the Swap Agreement). If at the time of termination, the Swap has a positive fair value, the Swap providers would be liable to IFA for a payment equal to the Swap's fair value.

NOTE 7 - PENSION PLAN

The Building Authority elected to become a participant in the Public Employers' Retirement Fund (PERF). The Building Authority contributes to the PERF, an agent multiple-employer public employee retirement system, which acts as a common investment and administrative agent for state employees and employees of the various subdivisions of the State of Indiana.

All full-time state employees are eligible to participate in this defined benefit plan. State statutes (Indiana Code 5-10.2 and 5-10.3) give the Building Authority the right to contribute and govern most requirements of the system, including the benefits, which vest after ten years of service. Plan participants who have reached age 50 may receive retirement benefits with fifteen years of service. A participant may receive benefits at age 65 with ten years of service.

Participants are required to contribute 3% of compensation to an annuity savings account. Effective July 1, 1986, legislation permits a PERF employer to make the participants contributions on behalf of the participant. The Building Authority elected to pay its participants' 3% contribution. The employer rate of contributions was 6.3% during fiscal year 2009. These accumulated employee contributions and allocated interest income are maintained by PERF in a separate system-wide fund for all participants.

(Continued)

NOTE 7 - PENSION PLAN (Continued)

Upon retirement, participants may elect a lump sum distribution of all or part of the savings account. Participants who leave employment before qualifying for benefits receive a refund of the savings account.

All assets of the plan are held and invested by PERF. Investments are in obligations of the U.S. Government, federal agencies, corporate bonds and equity securities.

There is no (i) pension benefit obligation information, (ii) assets available for benefits at cost information or (iii) an analysis of funding disclosed in the annual financial statements. PERF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to PERF, Harrison Building, Suite 800, 143 West Market Street, Indianapolis, Indiana 46204.

The following shows pension plan information relative to contributions for fiscal years 2009 and 2008:

Year	Employer Contributions	Employee Contributions	Total Contributions	Annual Covered Payroll	Percentage of Employer Contributions to Covered Payroll
2009	$ 12,478	$ 5,942	$ 18,420	$ 198,069	6.30%
2008	$ 10,272	$ 7,053	$ 17,325	$ 186,296	6.30%

(Continued)

NOTE 8 - CONTINGENCIES

In the course of normal operations, the Building Authority is subject to various claims and assessments and is involved in litigation that it intends to vigorously defend. The range of loss, if any, from these potential claims cannot be reasonably estimated. However, the Building Authority believes the ultimate resolution of these matters will not have a material adverse impact on the Building Authority's operations or financial position.

NOTE 9 - SUBSEQUENT EVENTS

The following subsequent events have been provided for users of the financial statements. None of the subsequent events resulted in charges to the financial statements at June 30, 2009.

In October 2009, IFA altered the liquidity facilities in connection with the variable rate bonds issued for Lucas Oil Stadium and the Indiana Convention Center Expansion Project. Following a mandatory tender of the bonds, the prior SBPA syndicates will be replaced by individual SBPAs between a bank and IFA for certain sub-series of bonds. The banks include JPMorgan Chase Bank, Barclays Bank PLC, The Bank of New York Mellon, and The Bank of Nova Scotia. IFA will be using self-liquidity on the remaining sub-series of bonds.

SUPPLEMENTAL INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board Members of the
Indiana Stadium and Convention Building Authority
State of Indiana

We have audited the basic financial statements of the Indiana Stadium and Convention Building Authority (the "Building Authority") as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Building Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Building Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Building Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

(Continued)

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Building Authority's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of management and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Katz, Sapper & Miller, LLP

Indianapolis, Indiana
October 21, 2009